

TENNESSEE REGULATORY AUTHORITY

Sara Kyle, Chairman
Lynn Greer, Director
Melvin Malone, Director



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

February 9, 2001

Rebecca E. Boswell
Regulatory Counsel
SCC Communications Corporation
6285 Lookout Road
Boulder, CO 80301-3343

RE: SCC Application for Certificate of Public Convenience and Necessity
(Docket No. 01-00050)

Dear Ms. Boswell:

The Tennessee Regulatory Authority (TRA) requests the following information regarding SCC's application for a Certificate of Public Convenience and Necessity to provide competing local telecommunications services in the state of Tennessee:

1. On March 10, 2000, the Tennessee General Assembly enacted Public Chapter 586, which amends Tennessee Code Annotated §65-4-125, "Changes in telecommunications service provider - Regulation - Enforcement." Section 3 of this act states as follows:

Section 3. Tennessee Code Annotated, Section 65-4-125, is amended by adding the following as a new, appropriately designated subsection:

j. By September 1, 2000, all telecommunications service providers subject to the control and jurisdiction of the authority, except those owners or operators of public [pay] telephone service who pay annual inspection and supervision fees pursuant to Tennessee Code Annotated, Section 65-4-301(b), or any telecommunications service provider that owns and operates equipment facilities in Tennessee with a value of more than five million dollars (\$5,000,000), shall file with the authority a corporate surety bond or irrevocable letter of credit in the amount of twenty thousand dollars (\$20,000) to secure the payment of any monetary sanction imposed in any enforcement proceeding, brought under this title or the Consumer Telemarketing Protection Act of 1990, by or on behalf of the authority.

Pursuant to the above statute, please provide one of the following:

- a. A corporate surety bond in form and substance similar to the attached form (Sample#1) in the amount of \$20,000; or
- b. An irrevocable letter of credit in form and substance similar to the attached form (Sample#2) in the amount of \$20,000; or

- c. Documentary evidence that you own and operate equipment facilities in Tennessee worth more than \$5,000,000.
2. State if there are any special CPE (Customer Provided Equipment) requirements that would not be compatible with an incumbent carrier.
3. State if customer deposits are required and the amount required if applicable.
4. Provide a three-year projection of financial statements, including:
 - a. Balance sheet
 - b. Income statement
 - c. Statement of cash flows

Please submit the requested information by February 23, 2001. If you have any questions, please contact Arnold Reed at (615) 741-2904 (ext. 207).

Sincerely,

A handwritten signature in black ink, appearing to read "D. Waddell". The signature is stylized with a large initial "D" and a cursive "Waddell".

David Waddell
Executive Secretary

Attachments (2)

C: Docket File
Joe Werner
Darlene Standley
Carsie Mundy

TENNESSEE REGULATORY AUTHORITY

TENNESSEE TELECOMMUNICATIONS SERVICE PROVIDER'S SURETY BOND

Bond #: _____

WHEREAS, _____ (the "Principal"), has applied to the Tennessee Regulatory Authority for authority to provide telecommunications services in the State of Tennessee; and

WHEREAS, under the provisions of Title 65, Chapter 4, Section 125(j) of the Tennessee Code Annotated, as amended, the Principal is required to file this bond in order to obtain such authority and to secure the payment of any monetary sanction imposed in any enforcement proceeding brought under Title 65 of the Tennessee Code Annotated or the Consumer Telemarketing Act of 1990 by or on behalf of the Tennessee Regulatory Authority (the "TRA"); and

WHEREAS, _____ (the "Surety"), a corporation licensed to do business in the State of Tennessee and duly authorized by the Tennessee Commissioner of Insurance to engage in the surety business in this state pursuant to Title 56, Chapter 2 of the Tennessee Code Annotated, has agreed to issue this bond in order to permit the Principal to comply with the provisions of Title 65, Chapter 4, Section 125(j) of the Tennessee Code Annotated;

NOW THEREFORE, BE IT KNOWN, that we the Principal and the Surety are held and firmly bound to the STATE OF TENNESSEE, in accordance with the provisions of Tennessee Code Annotated, Title 65, Chapter 4, Section 125(j), in the full amount of twenty thousand dollars (\$20,000.00) lawful money of the United States of America to be used for the full and prompt payment of any monetary sanction imposed against the Principal, its representatives, successors or assigns, in any enforcement proceeding brought under Title 65 of Tennessee Code Annotated or the Consumer Telemarketing Act of 1990, by or on behalf of the TRA, for which obligation we bind ourselves, our representatives, successors and assigns, each jointly and severally, firmly and unequivocally by these presents.

This bond shall become effective on the _____ day of _____, 20__, and shall be continuous; provided, however, that each annual renewal period or portion thereof shall constitute a new bond term. Regardless of the number of years this bond may remain in force, the liability of the Surety shall not be cumulative, and the aggregate liability of the Surety for any and all claims, suits or actions under this bond shall not exceed Twenty Thousand Dollars (\$20,000.00). The Surety may cancel this bond by giving thirty (30) days written notice of such cancellation to the TRA and Principal by certified mail, it being understood that the Surety shall not be relieved of liability that may have accrued under this bond prior to the date of cancellation.

PRINCIPAL

SURETY

Name of Company authorized by the TRA

Name of Surety

Company ID # as assigned by TRA

Address of Surety

SIGNATURE OF PRINCIPAL

SIGNATURE OF SURETY AGENT

Name:

Title:

Name:

Title:

Address of Surety Agent:

THIS BOND IS ISSUED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 125, CHAPTER 4, TITLE 65 OF THE TENNESSEE CODE ANNOTATED AS AMENDED BY CHAPTER NO. 586, 2000 PUBLIC ACTS. SHOULD THERE BE ANY CONFLICT WITH THE TERMS HEREOF AND THE STATUTE OR REGULATIONS PROMULGATED THEREUNDER, THE STATUTE OR REGULATIONS SHALL PREVAIL. (POWER OF ATTORNEY FROM AN APPROVED INSURANCE COMPANY MUST BE ATTACHED.)

ACKNOWLEDGMENT OF PRINCIPAL

STATE OF TENNESSEE
COUNTY OF _____

Before me, a Notary Public of the State and County aforesaid, personally appeared _____
with whom I am personally acquainted and who, upon oath, acknowledged himself to be the individual who executed the foregoing
bond on behalf of _____, and he acknowledged to me that he executed the same.

WITNESS my hand and seal this _____ day of _____, 20____.

My Commission Expires:

_____, 20____

Notary Public

ACKNOWLEDGMENT OF SURETY

STATE OF TENNESSEE
COUNTY OF _____

Before me, a Notary Public of the State and County aforesaid, personally appeared _____
_____ with whom I am personally acquainted and who, upon oath, acknowledged himself to be the individual who executed the
foregoing bond on behalf of _____, the within named Surety, a corporation licensed to do business in the
state of Tennessee and duly authorized by the Tennessee Commissioner of Insurance to engage in the surety business in this state
pursuant to Title 56, Chapter 2 of the Tennessee Code Annotated, and that he as such an individual being authorized to do so,
executed the foregoing bond, by signing the name of the corporation by himself and as such individual.

WITNESS my hand and seal this _____ day of _____, 20____.

My Commission Expires:

_____, 2000

Notary Public

APPROVAL AND INDORSEMENT

This is to certify that I have examined the foregoing bond and found the same to be sufficient and in conformity to law, that the
sureties on the same are good and worth the penalty thereof, and that the same has been filed with the Tennessee Regulatory
Authority. State of Tennessee, this _____ day of _____, 20____.

Name:

Title:

IRREVOCABLE LETTER OF CREDIT

Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

REFERENCE: Name of Company authorized by TRA: _____
Company ID # as assigned by the TRA: _____
Irrevocable Letter of Credit Number: _____
Effective Date: _____
Expiration Date: _____

Sir/Madam:

You have requested of **[Name of Lending Institution]** (the "Lender") that we establish an irrevocable letter of credit which will remain available on behalf of **[Applicant]** (the "Company") who has applied to the Tennessee Regulatory Authority (the "TRA") for authority to provide telecommunications services in the state of Tennessee. The purpose of this letter of credit is to secure payment of any monetary sanction imposed against the Company, its representatives, successors or assigns, in any enforcement proceeding brought under Title 65 of Tennessee Code Annotated or the Consumer Telemarketing Act of 1990, by or on behalf of the TRA.

We hereby establish and issue, in favor of the TRA, an irrevocable letter of credit in the amount of twenty thousand dollars (\$20,000.00) lawful money of the United States of America. The TRA may draw upon this letter of credit, at any time and from time to time, by delivering a Letter of Credit Notice, substantially in the form set forth below (a "Notice"), which Notice shall specify the amount (the "Draw Amount") to be drawn and the bank account (the "Bank Account") to which the Draw Amount should be delivered and shall be signed by an official designated and duly authorized by the TRA, to Lender at the address listed below, or to such other address as the Lender shall notify the TRA in writing by certified mail. Promptly after the delivery of each Notice, the Lender hereby covenants and agrees to deliver, by wire transfer of immediately available funds, the Draw Amount to the Bank Account.

This letter of credit shall be deemed automatically renewed without amendment for successive one-year periods and may be canceled by the Lender by giving thirty (30) days advanced written notice by certified mail of such cancellation to the TRA and the Company, it being understood that the Lender shall not be relieved of liability that may have accrued under this letter of credit prior to the date of cancellation.

The Lender hereby represents and warrants that it is qualified and authorized to issue this letter of credit and is a bank designated by the Treasurer of the State of Tennessee as an authorized depository bank for the deposit of state funds.

Except as otherwise expressly stated, this letter of credit is subject to the Uniform Customs and Practice for Documentary Credit (1993 Revision) International Chamber of Commerce Publication No. 500, or any revisions thereto.

Yours Very Truly,

[Name of Lending Institution]

Name:

Title:

Address of Lender:

APPROVAL AND INDORSEMENT

This is to certify that I have examined the foregoing letter of credit and found the same to be sufficient and in conformity to law and that the same has been filed with the Tennessee Regulatory Authority, State of Tennessee, this _____ day of _____, 20____.

Name:

Title:

FORM OF LETTER OF CREDIT NOTICE

[Name of Lender]

[Address]

Re: Irrevocable Letter of Credit No. []

Dear Sir or Madam:

You are hereby notified, and the undersigned hereby certifies, that the undersigned is an official designated and duly authorized by the TRA to deliver this notice and that a monetary sanction in the amount of \$_____ (the "Draw Amount") has been imposed against **[Applicant]** its representatives, successors or assigns, in an enforcement proceeding brought under Title 65 of Tennessee Code Annotated or the Consumer Telemarketing Act of 1990, by or on behalf of the TRA.

Pursuant to that certain Irrevocable Letter of Credit referenced above, we hereby request that you deliver payment of the Draw Amount to the bank account listed below by wire transfer of immediately available funds:

Name of Bank Account: _____
Account Number: _____
ABA Routing Number: _____
Reference: _____
Name of Contact: _____
Telephone Number: _____
Facsimile Number: _____

Please confirm receipt of this Notice and the Federal Reserve wire confirmation number of the delivery of the Draw Amount by sending a facsimile to the person at the number listed above.

Sincerely,

TENNESSEE REGULATORY AUTHORITY

Name:

Title: